

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SCEM-02 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

H-03 L-03 NSC-10 PA-04 PRS-01 SS-20 USIA-15 ACDA-19

IO-14 NEA-10 DRC-01 INT-08 SCI-06 /225 W

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R 142010Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5578

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: ECON, ELAB, UK, PINT

SUBJECT: EMERGENCY POWERS AND DOMESTIC POLITICAL  
CONSIDERATIONS

REF: LONDON 13290; LONDON 13304

1. BEGIN SUMMARY: BY MAKING ITS DRAMATIC PROCLAMATION  
OF A STATE OF EMERGENCY YESTERDAY, THE GOVERNMENT HAS  
DECIDED IN FACE OF AN ENERGY SITUATION WHICH MIGHT  
HAVE REQUIRED EMERGENCY MEASURES ANYWAY, TO STAND  
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FIRMLY AGAINST ANY EFFORT BY THE TRADE UNIONS TO

CHALLENGE THE BASIC STRUCTURE OF ITS PHASE THREE COUNTER-INFLATION PROGRAM. ALTHOUGH SOME OF THE LABOR PARTY OPPOSITION REPRESENTED THE GOVERNMENT ACTION AS A DIVERSIONARY POLITICAL ACT TO DRAW ATTENTION FROM ITS ECONOMIC FAILURES, AND ACCUSED IT OF A DESIRE FOR A CONFRONTATION, THIS CHARGE LACKS CREDIBILITY. WHILE A MAJOR CONFRONTATION FOLLOWED BY A CALL FOR A SNAP GENERAL ELECTION IS ULTIMATELY POSSIBLE, WE DOUBT THIS PROSPECT IS EITHER VERY LIKELY OR IS SOUGHT BY EITHER MAJOR PARTY. END SUMMARY

2. THE GOVERNMENT HAS DEFENDED ITS DECLARATION OF A STATE OF EMERGENCY AS ARISING FROM THE DIRE THREAT TO ITS FUEL SUPPLIES RESULTING FROM INDUSTRIAL DISPUTES IN THE COAL AND ELECTRICAL POWER INDUSTRIES. HAROLD WILSON, SUPPORTED BY OTHER LABOR PARTY LEADERS, ATTRIBUTED THE DECISION TO PROCLAIM A STATE OF EMERGENCY TO THE "FAILURE OF THE GOVERNMENT'S ECONOMIC POLICIES." OTHERS SUGGESTED THAT THE GOVERNMENT DESIRED A CONFRONTATION WITH THE UNIONS. THE LEADERS OF THE NATIONAL UNION OF MINERS (NUM) CITED THE DECISION AS AN ATTEMPT TO BLAME THE UNION FOR ITS INTRANSIGENCE.

3. THE SUDDENNESS WITH WHICH THE STATE OF EMERGENCY WAS DECLARED ON NOVEMBER 13 CAUGHT THE COUNTRY BY SURPRISE. IN FACT, THE KEY UNION CONCERNED, THE NUM, WAS SCHEDULED TO MEET THE NATIONAL COAL BOARD (NCB) ON THURSDAY, NOV. 15 AND DISCUSSIONS BETWEEN THE AUTHORITIES AND A SECOND UNION, THE ELECTRICAL POWER ENGINEERS ASSOCIATION (EPEA), WERE ALSO UNDER WAY. IT SEEMS LIKELY, HOWEVER, THAT THE GOVERNMENT RECOGNIZED THAT IF THE ENERGY SITUATION GOT WORSE IT WOULD IN ANY EVENT FIND ITSELF IN A POSITION WHERE RESOURCES WOULD HAVE TO COME UNDER CONTROL. THE SPECIFIC TIMING OF ITS ANNOUNCEMENT PROBABLY WAS BASED ON A) CONCERN THAT IT COULD BE STRONGLY CRITICIZED FOR LACK OF PREPAREDNESS IF A FUEL CRISIS SITUATION ARISES AND B) A BELIEF THAT IT MIGHT AS WELL TAKE ADVANTAGE OF THE EMERGENCY DEBATE IN THE COMMONS YESTERDAY (NOV. 13) (WHICH WAS, LIMITED OFFICIAL USE

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IN FACT, INITIATED BY A TORY BACKBENCHER AND ACCEPTED BY THE SPEAKER.) IT WOULD THUS BE ABLE TO MOBILIZE PUBLIC OPINION TO SUPPORT HMG POLICIES WHILE EQUIPPING ITSELF WITH NECESSARY POWERS TO HANDLE IMMEDIATE COAL AND ELECTRICAL PROBLEMS AS WELL AS LAY GROUNDWORK FOR LATER INSTITUTION OF MANDATORY ALLOCATION AND POSSIBLY RATIONING OF PETROLEUM PRODUCTS.

4. THE TWO INDUSTRIAL DISPUTES, ONE BETWEEN THE NATIONAL MINERS UNION (NMU) AND THE NATIONAL COAL BOARD (NCB) AND ANOTHER BETWEEN THE ELECTRICAL POWER ENGINEERS ASSOCIATION (EPEA) AND THE CENTRAL ELECTRICITY GENERATING BOARD (CEGB) ARE STALEMATED OVER THE REFUSAL BY THE AUTHORITIES CONCERNED TO SERIOUSLY BREECH THE PHASE THREE WAGE REGULATIONS. (THESE REGULATIONS HAVE BEEN "STRETCHED," ALTHOUGH NOT BROKEN, IN TWO RECENT SETTLEMENTS - GLASGOW FIREMEN AND CHRYSLER ELECTRICIANS). NEITHER UNION IS ACTUALLY ON STRIKE. THE MINERS, HOWEVER, HAVE SINCE MONDAY, NOV. 12, REFUSED TO WORK ANY OVERTIME HOURS INCLUDING WEEKEND MAINTENANCE WORK. THE ELECTRICAL ENGINEERS HAVE

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R 142010Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5579

INFO AMEMBASSY BONN

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REFUSED, FOR TWO WEEKS, TO WORK ON STANDBY DUTIES OR OUTSIDE REGULAR HOURS.

5. THE MINERS HAVE REFUSED THE COAL BOARD'S OFFER OF AN APPROXIMATELY THIRTEEN PERCENT PAY PACKAGE. (WHICH WITH OTHER IMPROVEMENTS BEING DISCUSSED COULD REACH OVER SIXTEEN PERCENT). THE COAL BOARD PACKAGE MAINTAINS THE BASIC SEVEN PERCENT WAGE INCREASE ALLOWED IN THE PHASE THREE PAY REGULATION, BUT PROVIDES FOR OTHER IMPROVEMENTS SUCH AS PREMIUM FOR "UNSOCIAL HOURS," THE MINERS INSIST ON GOING ABOVE THE BASIC SEVEN PERCENT

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WAGE INCREASE LIMITATION AS WELL AS OTHER IMPROVEMENTS IN THE PACKAGE WHICH THE BOARD CONTENTS WOULD BE OUTSIDE THE PHASE THREE PAY CODE. SIMILARLY, THE ELECTRICITY POWER BOARD HAS REJECTED - AS OUTSIDE PAY BOARD REGULATIONS - THE UNION'S DEMANDS THAT IT ACCEPT A PREVIOUS DRAFT AGREEMENT WHICH HAD BEEN OBTAINED BY THE WAGE FREEZE.

6. THE FULL EFFECT ON COAL AND POWER SUPPLY OF THESE DISPUTES HAS, OF COURSE, YET TO BE FELT. AFTER ABOUT TWO WEEKS OF REFUSING TO WORK ON "STANDBY" BY THE POWER ENGINEERS, CUTS IN VOLTAGE ARE BEING REPORTED MORE FREQUENTLY IN SEVERAL AREAS. HOWEVER, THE PROBLEM IN ELECTRICAL GENERATION IS CUMULATIVE AND IS LIKELY TO GROW MUCH MORE SEVERE AS TIME GOES ON. AS FOR THE COAL STOCKS, A COAL BOARD OFFICIAL ESTIMATES A 37 TO 38 MILLION TON STOCK PILE, INCLUDING ABOUT 13.3 MILLION TONS AT THE PITHEAD, AND POWER STATIONS ARE ESTIMATED TO HAVE ENOUGH STOCK FOR ABOUT 10-11 WEEKS. HOWEVER, A CONTINUATION OF THE MINERS' OVERTIME BAN WHICH INCLUDES, IN CONTRAST TO THE SITUATION TWO YEARS AGO, A BAN ON WEEKEND MAINTENANCE AND SAFETY WORK, COULD ULTIMATELY DEplete STOCKS. THERE IS NO PRECISE WAY TO ESTIMATE THIS, THE NCB OFFICIAL SAID, BUT WHEN THE MINERS INSTITUTED AN OVERTIME BAN IN 1971 HALF MILLION TONS A WEEK PRODUCTION WAS LOST. THE PROBLEM IS EXACERBATED THIS TIME BECAUSE THE NUM IS NOT CONTINUING SAFETY AND MAINTENANCE WORK ON WEEKENDS OR DURING OVERTIME HOURS.

7. CHANCES FOR SETTling THESE DISPUTES QUICKLY ARE LIMITED, ALTHOUGH THE MINERS' NEGOTIATORS ARE SCHEDULED TO HAVE FURTHER DISCUSSIONS WITH THE COAL

BOARD ON THURSDAY. THE SITUATION IS COMPLICATED BY THE FACT THAT, CURRENTLY, THE COMMUNIST-INFLUENCED LEFT-WING ON THE MINERS' EXECUTIVE COMMITTEE APPEARS TO BE DOMINANT. THIS GROUP, WHICH INCLUDES THE INFLUENTIAL NMU VICE PRESIDENT, MCGAHEY, WHO IS A COMMUNIST, VERY LIKELY VIEWS THIS DISPUTE AS A WAY TO SECURE AN ALL-OUT, DRAG-DOWN FIGHT WITH THE GOVERNMENT ON ITS ENTIRE PAY POLICY, AND SOME OF THEIR LIMITED OFFICIAL USE

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PUBLIC STATEMENTS HAVE CONTRIBUTED TO THIS VIEW. THE MODERATES, ON THE OTHER HAND, HAVE BEEN TRYING TO SECURE AN IMPROVED PACKAGE FROM THE GOVERNMENT WHICH COULD BE TAKEN TO THE MINERS BY STRIKE BALLOT VOTE, WHICH IT BELIEVES, WOULD RESULT IN A REFUSAL TO STRIKE. (SO FAR, THE MODERATES HAVE NOT BEEN ABLE TO SECURE ENOUGH VOTES ON THE EXECUTIVE TO CALL A BALLOT VOTE.)

8. THE POWER ENGINEERS, WHICH HAVE BEEN TRADITIONALLY CONSIDERED A MODERATE UNION, COULD "CRUMBLE" IN THE FACE OF A FIRM POSITION BY THE AUTHORITIES. HOWEVER,

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R 142010Z NOV 73

FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 5580  
INFO AMEMBASSY BONN  
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A DISCUSSION THE UNION HELD WITH THE POWER BOARD  
YESTERDAY RESULTED IN STALEMATE.

9. COMMENT: THE GOVERNMENT MUST BE DEEPLY DISTURBED  
AT THE PROSPECT OF A POSSIBLE SHOWDOWN WITH THE TRADE  
UNIONS OVER THE PHASE THREE PRICES-WAGES CONTROLS,  
PARTICULARLY AGAINST A BACKGROUND OF FEARS RESULTING  
FROM THE ME OIL PRODUCTION CUTBACKS AND BAD BALANCE  
OF PAYMENTS NEWS REQUIRING A DRASTIC TIGHTENING OF  
MONETARY POLICY (SEE REFTTEL) AND POSSIBLY FORESHADOW-  
ING AN ECONOMIC SLOWDOWN. ALTHOUGH SOME LABOR PARTY  
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MPS CLAIM THAT THE GOVERNMENT WANTS A CONFRONTATION  
TO DIVERT ATTENTION FROM ITS ECONOMIC FAILURES, WE  
BELIEVE THAT THIS ACCUSATION LACKS CREDIBILITY. THE  
GOVERNMENT'S PHASE THREE CONTROLS AND THE THRUST OF ALL  
ITS CURRENT ECONOMIC AND SOCIAL POLICIES SEEM TO US TO  
INDICATE VERY CLEARLY A STRONG DESIRE TO AVOID THE  
TRAUMA THAT A MAJOR CONFRONTATION WOULD CAUSE. IF  
MATTERS GO THAT FAR, AND WE FEEL UNABLE AT THIS TIME  
TO JUDGE THE ODDS AS MUCH LESS THAN EVEN, THE ISSUE  
COULD ARISE OF WHETHER THE GOVERNMENT SHOULD CALL  
A SNAP GENERAL ELECTION ON THE QUESTION OF "WHO GOVERNS  
THE COUNTRY." WITH ITS WRETCHED NOV. 8 BY-ELECTION  
PERFORMANCE, THIS IS NOT A PROSPECT THAT COULD PLEASE  
MOST OF THE PARLIAMENTARY LABOR OPPOSITION. WELL  
AWARE THAT ITS OWN POPULARITY IS LOW, WE DOUBT  
THAT THE PROSPECT OF AN EARLY GENERAL ELECTION COULD  
APPEAL TO THE GOVERNMENT EITHER.

10. THE GOVERNMENT'S EMERGENCY PROCLAMATION SERVES AS  
A DRAMATIC BACKDROP IN ITS DECISION TO PRESERVE THE  
STRUCTURE OF ITS PHASE THREE COUNTER-INFLATION POLICY.

THERE IS STILL SOME POSSIBILITY FOR NEGOTIATED SETTLEMENTS, BUT TIME IS RUNNING OUT.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Concepts:** PETROLEUM, SUPPLIES, ECONOMIC STABILITY, COLLECTIVE BARGAINING, ELECTRICAL INDUSTRY, EMERGENCY PLANNING, LABOR DISPUTES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** mcintyresh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Handling Restrictions:** n/a  
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**Original Previous Handling Restrictions:** n/a  
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